

STATE OF NORTH DAKOTA
BEFORE THE COMMISSIONER OF INSURANCE

In the Matter of

**Hartland Mutual Insurance Company,
FEIN 45-0140660,**

Respondent.

CONSENT ORDER

Commissioner of Insurance Jim Poolman (hereinafter "Commissioner") has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D. Cent. Code Title 26.1 and N.D. Cent. Code § 28-32-05.1.

2. Hartland Mutual Insurance Company, FEIN 45-0140660 (hereinafter "Respondent"), is a domestic mutual insurance company incorporated under N.D. Cent. Code Chapter 26.1-12 and at all times material hereto has held a valid Certificate of Authority to transact insurance business within this state.

3. The Commissioner has jurisdiction over Respondent and the subject matter of this Consent Order and this Consent Order is made in the public interest.

4. N.D. Cent. Code § 26.1-39-13 states:

1. After coverage has been in effect for more than sixty days or after the effective date of a renewal policy, a notice of cancellation may not be issued unless it is based upon at least one of the following reasons:
 - a. Nonpayment of premium.
 - b. Discovery of fraud or material misrepresentation and the procurement of the insurance or with respect to any claims submitted thereunder.
 - c. Discovery of willful or reckless acts or omissions on

the part of the named insured which increase any hazard insured against.

- d. The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed.
 - e. A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against.
 - f. A determination by the commissioner that the continuation of the policy would place the insurer in violation of the insurance laws of this state.
 - g. Conviction of the named insured of a crime having as one of its necessary elements an act increasing any hazard insured against.
2. A written notice of cancellation must be mailed or delivered to the named insured, at the last known address of the named insured, at least thirty days prior to the effective date of cancellation or when the cancellation is for nonpayment of premium at least ten days prior to the effective date of cancellation. A postal service certificate of mailing to the named insured at the insured's last known address is conclusive proof of mailing and receipt on the third calendar day after the mailing.

5. On June 28, 2002, Mr. Loren Zimmer signed and submitted applications to Respondent for insurance coverage on his home and lake property. The applications were bound by agent Jim Winczewski pending Hartland's review of the applications.

6. On September 27, 2002, Respondent returned the applications to Mr. Winczewski without approval. The applications were returned after the 60-day review period allowed by N.D. Cent. Code § 26.1-39-13. Respondent has a right to reject the applications within the 60-day period, but did not do so. As a result, the policies were deemed accepted. Once accepted, the policies must remain in force for the term of the policy and may only be canceled for those reasons set forth in N.D. Cent. Code § 26.1-39-13. A written notice of the reason for the cancellation must accompany the

notice of cancellation. Respondent did neither when it returned the applications to Mr. Winczewski after the 60-day review period. Respondent's action of returning the applications after the 60-day review period without proper notice for cancellation is a violation of N.D. Cent. Code § 26.1-39-13.

7. As a result of alleged conduct of Respondent, the Commissioner has considered a formal hearing to determine whether Respondent's conduct as alleged constitutes a basis for imposition of a civil penalty or other action by the Commissioner.

8. Respondent agrees to an informal disposition of this matter, without hearing, as provided under N.D. Cent. Code 28-32-05.1.

9. For purposes of resolving this matter without further administrative proceedings, Respondent and the Commissioner have agreed to the entry of the following Order:

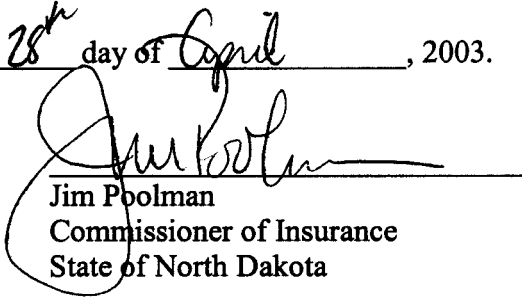
NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent shall pay a penalty in the amount of \$500. This penalty will be due within 15 days of the execution of this Consent Order.

2. Respondent agrees to adhere to the requirements relating to the notification and reasons for cancellation of policies as outlined in N.D. Cent. Code § 26.1-39-13

3. The use of this Consent Order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 28th day of April, 2003.


Jim Poolman
Commissioner of Insurance
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned, Lynn Frey, on behalf of **Hartland Mutual Insurance Company**, states that he/she has read the foregoing Consent Order, that he/she knows and fully understands its contents and effect; that he/she has been advised of his/her right to be represented by legal counsel, his/her right to a hearing in this matter, his/her right to present evidence and arguments to the Commissioner, and his/her right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he/she waives those rights in their entirety, and consents to entry of this Order by the Commissioner of Insurance. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

DATED this 23 day of April, 2003.

Hartland Mutual Insurance Company

By:

Lynn Frey
Name

PRES - CEO
Title